

Message Text

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ACTION NEA-12

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DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 ACDA-19 IO-14

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FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 4265

INFO AMEMBASSY BONN

C O N F I D E N T I A L TEHRAN 7525

E.O. 11652: GDS

TAGS: ENRG, EIND, IR, GW

SUBJECT: IRAN-WEST GERMAN ECONOMIC RELATIONS

1. SUMMARY: FRG EMBOFF TOLD US NOTHING SIGNED BY W. GERMAN MIN ECON FRIEDERICH'S DURING HIS VISIT TO IRAN, THOUGH BY COINCIDENCE PRIVATE FIRM KORF REACHED AGREEMENT WITH GOI STEEL COMPANY ON 1.2 MTA GAS REDUCTION STEEL MILL (USING AMERICAN PROCESS). EXPORT REFINERY PLANS APPARENTLY CONTINUE FIRM, BUT ALL OTHER JOINT VENTURE PLANS MENTIONED IN RECENT PRESS REPORTS, WHETHER IN ENERGY OR INDUSTRIAL FIELDS, ARE STILL IN PRELIMINARY DISCUSSION STAGE. A JOINT FRG-GOI MINISTERIAL COMMITTEE WHICH FIRST MET LAST JUNE, WILL MEET AGAIN IN 1974. A JOINT INVESTMENT CONFERENCE IS ALSO PLANNED FOR NEXT YEAR.

2. ECONOMIC FIRST SECRETARY OF FRG EMBASSY HERE PLAYED DOWN SIGNIFICANCE OF RECENT VISIT TO IRAN OF WEST GERMAN MIN ECON HANS FRIDERICH'S, SAYING PRESS REPORTS WERE MUCH EXAGGERATED. SOURCE DESCRIBED VISIT AS TOUR D'HORIZON AND EXCHANGE OF VIEWS, AT INVITATION OF GOI MIN ECON ANSARY, IN WHICH NOTHING SIGNED ON GOVERNMENT SIDE, NOT EVEN JOINT COMMUNIQUE. NO REPRESENTATIVES OF PRIVATE SECTOR ACCOMPANIED THE MINISTER. ONLY
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SIGNING, SOURCE ADDED, WAS PURELY COINCIDENTAL: DURING FRIEDERICH'S

VISIT, KORF INDUSTRIE UN HANDEL HAPPENED TO CONCLUDE NEGOTIATIONS WITH ISIC (NATIONAL IRANIAN STEEL INDUSTRIES COMPANY) ON CONSTRUCTION OF 1.2 MTA DIRECT GAS REDUCTION STEEL PLANT AT AHWAZ. MIDLAND-ROSS (U.S.) METHOD, TO WHICH KORF HAS RIGHTS IN THIS AREA, WILL BE USED.

3. EXPORT REFINERY, OF COURSE, APPEARS FIRM, WITH FLUOR-THYSSEN HOPING TO FINISH FEASIBILITY STUDY BY MID-DECEMBER (THOUGH THEY HAVE UNTIL JANUARY 15). SOURCE REPORTED NOTHING DECIDED ON GAS PIPELINE PROJECTS, AS ENI-RUHR STUDIES NOT FULLY COMPLETED. HE ADDED, HOWEVER, THAT HE EXPECTS BOTH SECOND IGAT AND GAS PIPELINE TO TURKEY (FOR LIQUEFACTION AND TRANSPORT TO GERMANY AND PERHAPS ITALY) WILL EVENTUALLY BE BUILT. SOURCE SAID FRIDEREICHS TOLD GOI HIS GOVERNMENT WANTS NIOC DOWNSTREAM INVESTMENT ON ASHLAND MODEL. SOURCE NOTED, HOWEVER, THAT THIS IS STILL IN VERY EARLY STAGE OF NEGOTIATION BETWEEN GERMAN COMPANIES AND NIOC, AND THAT NIOC SEEMS LESS EAGER LATELY TO GO AHEAD. HE ADDED THAT FRG HAS MADE NO PROGRESS RECENTLY ON ITS PLAN TO CONSOLIDATE VEBA, GELSENBERG AND OTHER W. GERMAN OIL COMPANIES.

4. OTHER INDUSTRIAL PROJECTS MENTIONED IN PRESS, NAMELY NYLON AND POLYESTER PROJECT WITH BAYER, DIMETHYLTEREPHALATE (DMT) VENTURE WITH DYNAMIT NOBEL, JOINT KRUPP-IDRO (IRANIAN INDUSTRIAL DEVELOPMENT AND RENOVATION ORGANIZATION) ENGINEERING FIRM, KRUPP PARTICIPATION IN MACHINE TOOL PLANT AT ISFAHAN, AND POSSIBLE SECOND GAS REDUCTION STEEL MILL USING THYSSEN PROCESS, ARE ALL IN PHASE OF PRELIMINARY CONTACTS BETWEEN GERMAN PRIVATE FIRMS AND IRANIANS. FINALLY, SOURCE NOTED THAT FRG AND GOI HAVE JOINT MINISTERIAL COMMITTEE WHICH MET FIRST LAST JUNE AND WILL MEET AGAIN IN 1974, AND SAID A GERMAN-IRANIAN INVESTMENT CONFERENCE IS SCHEDULED FOR NEXT YEAR.

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